



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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DAVID E. JANSSEN
Chief Administrative Officer

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Fifth District

February 20, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR OPTION TO EXTEND THE TERM OF LEASE NO. 72911
OFFICE OF THE ASSESSOR
1190 DURFEE AVENUE, SOUTH EL MONTE
(FIRST DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Exercise the option to extend the term of the current lease with Whittier Narrows Business Park (Lessor) for an additional five-year term commencing upon the expiration of the current term on June 6, 2007, and ending five years thereafter. The lease is for 38,000 rentable square feet and 136 parking spaces. The initial annual cost will not exceed \$807,120. Approximately 30 percent of expenses are offset from other governmental entities; the remainder is net County cost.
2. Find that the exercise of the option is exempt from the provisions of the California Environmental Quality Act (CEQA), pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15061 (b) (3) of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since 2002, the County of Los Angeles has leased the subject facility for use by the Assessor. The facility houses the East District, one of four district offices of the Assessor. These district offices are responsible for assessing and maintaining the records for residential and most commercial-industrial buildings and businesses within their geographical boundary. The Assessor's office has frequent visits from taxpayers who need assistance with interpretation of the revenue and taxation code and questions related to assessments and real property and personal property tax bills. The current facility's central location, near the 60 and 605 freeway interchange, and access to the Metropolitan Transportation Authority bus route 270, will continue to provide accessibility to residents and businesses in the San Gabriel Valley area.

The current lease is due to expire on June 5, 2007. This facility meets the program needs, and the Assessor has requested they be allowed to maintain a presence at this facility either through a lease extension or purchase of the facility. Approval of the proposed exercise of option will extend the lease term and preserve the County's option to purchase the lease premises and/or the adjacent building at 95% of fair market value. We are currently in discussion with the Lessor and conducting feasibility studies for the purchase of the property. The proposed lease extension will provide the Assessor with the necessary office space to continue program operations serving the East District region of the County, pending a possible recommendation to your Board to purchase. Pursuant to the provision of the lease, the option to renew needs to be exercised no later than 90 days prior to the expiration of the lease term.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide the public with easy access to quality information and services that are both beneficial and responsive (Goal 1). The proposed lease supports this goal by housing the Assessor in a location that will continue to provide services to the East District region of the County in a conveniently located facility.

FISCAL IMPACT/FINANCING

The annual cost of this lease will initially be \$807,120. The monthly base rent is subject to yearly adjustments based on the Consumer Price Index (CPI) over the base year's rent, capped at 5 percent. This is a full-service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. On-site parking for 136 spaces are included in the rental rate.

1190 Durfee Ave	Current Lease	Proposed Option	Change
Area (Square Feet)	38,000	38,000	None
Term (years)	Five years	Five years	None
Annual Base Rent	\$804,672 (\$21.18)	\$807,120 (\$21.24)	+\$2,448 (0.3%)
Lease Options	Two five-year options	One five-year option remaining	One five-year option exercised
Rent adjustment	CPI up to 5 percent annual maximum over base year rent	CPI up to 5 percent annual maximum over base year rent	None
Service	Full Service Gross	Full Service Gross	None
Parking	136 parking spaces included in rent	136 parking spaces included in rent	None
Tenant Improvements (TI) Included in base rent	Turn-key, at Lessor's expense	None	No new TIs
Cancellation	None	None	None
Purchase Option	Yes-at conclusion of lease term.	Yes-at conclusion of lease term.	None

Sufficient funding for the proposed lease is included in the 2006-07 Rent Expense Budget and will be charged back to the Assessor. The Assessor is a revenue-generating department and costs for the program are revenue-offset by approximately 30 percent wherein administrative expenses incurred by the Assessor, allocable to cities and special districts, are reimbursable from those entities. The remainder is a net County cost (NCC).

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed option to extend the lease term for five years will provide the Assessor with 38,000 rentable square feet of office space and 136 parking spaces pursuant to the following terms:

- The term will commence June 6, 2007 and terminate five years thereafter on June 5, 2012.
- The initial rental rate during the option term will be \$1.77 per square foot per month, on a full service gross basis. This represents an increase of 0.3 percent over the current rental rate of \$1.76 per square foot per month. This is within the range of market rents for the area. The lease is on a full service gross basis, thus the rental rate includes all operating expenses, repairs, maintenance costs, and utility costs associated with the Assessor's occupancy of the premises.
- The rental rate is subject to annual adjustment pursuant to the Consumer Price Index, with a cap of 5 percent per year over the base year rent.
- The lease provides an option to purchase the property toward the conclusion of the current option term and/or the second option term.
- The lease provides a second five-year lease option in 2012 (at month 120) at a stipulated rental rate of \$1.77 per square foot per month on a full service gross basis.

The Chief Administrative Office (CAO) Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Attachment B shows all County-owned and leased facilities within a three-mile radius of the subject facility. Based on the survey, staff has established that the rental range for similar space is between \$1.60 and \$2.75 per square foot per month on a full service gross basis. Thus, the annual rental rate of \$21.24 (\$1.77 per square foot/month) full service gross for the proposed lease option is within the market range for this area.

DPW has inspected the facility and found it suitable for County's occupancy.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

In accordance with your Board's policy on the housing of any County offices or activities, the Assessor concurs with the recommendation to exercise this option.

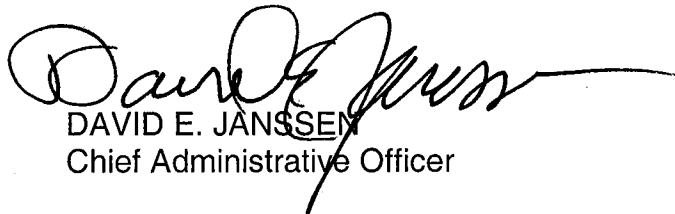
NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

A Negative Declaration was originally filed for this project on April 8, 1999 and was adopted by the Board on August 1, 2000. The CAO staff has made a Preliminary Review of environmental factors and has concluded that this project is exempt from CEQA as specified in Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two adopted, stamped Board letters, and two certified copies of the Minute Order to the CAO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD:CEM
MS:FC:hd

Attachments (2)

c: County Counsel
Auditor-Controller
Assessor

1190Durfee.b

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²	X		
	B	Does lease co-locate with other functions to better serve clients? ² The Assessor will be occupying the entire building, therefore consolidation with other departments is not possible.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Due to the necessity to retain historical records for each assessed parcel, there is an unusually high amount of space dedicated to file storage.		X	
2.	<u>Capital</u>				
	A	Is it a substantial net County cost (NCC) program? NCC= 70%	X		
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?	X		
	D	If no, are there any suitable County-owned facilities available?			X
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered?	X		
3.	<u>Portfolio Management</u>				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?		X	
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. <u>X</u> No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

OFFICE OF THE ASSESSOR
SPACE SEARCH 3 MILE RADIOUS FROM 1190 DURFEE AVENUE, SOUTH EL MONTE

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
5329	PUBLIC LIBRARY-ROSEMEAD LIBRARY	8800 VALLEY BLVD, ROSEMEAD 91770	29860	23394	OWNED	NONE
A253	SHERIFF-SAN GABRIEL VALLEY VEHICLE THEFT PRGM	4200 SHIRLEY AVE, EL MONTE 91731	3081	2619	PERMIT	NONE
Y195	PUBLIC LIBRARY-NORWOOD LIBRARY	4550 N PECK RD, EL MONTE 91732	10303	8610	OWNED	NONE
0229	AG COMM/WTS & MEAS HQ/ PROBATION SPECIAL SVCS	12300 LOWER AZUSA RD, ARCADIA 91706	35878	32290	OWNED	NONE
6144	MACLAREN CHILDREN'S CTR-ADMIN BLDG/ WINGS A-E	4024 N DURFEE AVE, EL MONTE 91732	71733	39555	OWNED	NONE
6145	MACLAREN CHILDREN'S CENTER-CAFETERIA (CLOSED)	4024 N DURFEE AVE, EL MONTE 91732	10212	5546	OWNED	5546
6147	MACLAREN CHILD CTR-RESIDENCE COTTAGE F(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6148	MACLAREN CHILD CTR-RESIDENCE COTTAGE G(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6149	MACLAREN CHILD CTR-RESIDENCE COTTAGE H(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6150	MACLAREN CHILD CTR-RESIDENCE COTTAGE I(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6151	MACLAREN CHILD CTR-RESIDENCE COTTAGE J(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
6152	MACLAREN CHILD CTR-RESIDENCE COTTAGE K(CLOSD)	4024 N DURFEE AVE, EL MONTE 91732	3588	1943	OWNED	1943
T680	MACLAREN CHILDREN'S CTR-R.U.M. TRAILER	4024 N DURFEE AVE, EL MONTE 91732	3600	3240	OWNED	NONE
Y557	MACLAREN CHILD CTR-TRI-CITIES TRAILER (CLOSED)	4024 N DURFEE AVE, EL MONTE 91732	2060	1563	OWNED	1563
A304	SHERIFF-VEHICLE THEFT PROGRAM HEADQUARTERS	9040 TELSTAR AVE, EL MONTE 91731	5320	5054	LEASED	NONE
A497	DPSS-SAN GABRIEL VALLEY GAIN PROGRAM REG III	3216 ROSEMEAD BLVD, EL MONTE 91731	41836	39744	LEASED	NONE
A387	DPSS-GAIN PROGRAM HEADQUARTERS/DA-CLAIMS UNIT	3220 ROSEMEAD BLVD, EL MONTE 91731	26335	25313	LEASED	NONE
A470	DIST ATTY-VICTIM-WITNESS ASSISTANCE PROGRAM	3204 ROSEMEAD BLVD, EL MONTE 91731	6405	5868	LEASED	NONE
A522	DHS/DPSS/DCFS-TELSTAR EL MONTE COUNTY CENTER	9320 TELSTAR AVE, EL MONTE 91731	163000	146700	LEASED	NONE
A493	SAN GABRIEL VALLEY FAMILY SERVICE CENTER I	3350 AEROJET AVE, EL MONTE 91731	120000	108000	LEASED	NONE
A554	SAN GABRIEL VALLEY FAMILY SERVICE CENTER II	3400 AEROJET AVE, EL MONTE 91731	131806	120000	LEASED	NONE
Y212	PUBLIC LIBRARY-SOUTH EL MONTE LIBRARY	1430 N CENTRAL AVE, SOUTH EL MONTE 91733	6416	5408	OWNED	NONE
D930	NEW SAN GABRIEL VALLEY SERVICE CENTER	1441 SANTA ANITA AVE, SOUTH EL MONTE 91733	17650	12701	OWNED	NONE
5229	WHITTIER NARROWS-DIRECTORS OFFICE	1601 ROSEMEAD BOULEVARD RD, SOUTH EL MONTE 91733	942	408	LEASE	NONE
Y246	PUBLIC LIBRARY-EL MONTE LIBRARY	3224 N TYLER AVE, EL MONTE 91731	11906	10153	OWNED	NONE
B119	ASSESSOR-EAST DISTRICT OFFICE	1190 DURFEE AVE, SOUTH EL MONTE 91733	38000	34200	LEASED	NONE
6064	EL MONTE COURTHOUSE	11234 E VALLEY BLVD, EL MONTE 91731	136512	64786	OWNED	NONE
A130	DPSS-ADMINISTRATIVE HEADQUARTERS	12860 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	55000	41943	LEASED	NONE
A507	DPSS-ADMINISTRATIVE HEADQUARTERS WEST ANNEX	12820 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	33331	28331	LEASED	NONE
B002	DPSS-ADMINISTRATIVE HEADQUARTERS EAST ANNEX	12900 CROSSROADS PKWY SO, CITY OF INDUSTRY 91745	25358	22977	LEASED	NONE
4533	EAST SERVICES AGENCY-OFFICE BUILDING	265 CLOVERLEAF DR, BALDWIN PARK 91706	1440	1055	OWNED	NONE
0032	PW ROAD-DIV #146/446 YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	660	594	OWNED	NONE
4348	PW ROAD-DIV #146/446 MAINTENANCE YARD OFFICE	9521 E BEVERLY BLVD, PICO RIVERA 90660	1080	708	OWNED	NONE